

Principles of Accounting - ICOM Part 1 Principles of Accounting Chapter 8 Short Question Preparation

Q1. What is discounting of bill?

Ans 1: When the holder of the bill is need of money before the due date hemay sell it to the ban or any third party at any time before its maturity.

Q2. Define Bank.

Ans 1: Bank is commercial institution,which receives the deposit from the public at lower rate on interest and lends to those,who need it,at higher rate of interest.

Q3. What is meant by petty cash book?

Ans 1: The book in which small payments are recorded is called petty cashbook,These small payments include expenditure stationary ,taxi fare,postage stamps,envvelopes etc.

Q4. What is Cheque?

Ans 1: A cheque is an unconditional order in writing to a bank to pay on demand on certain sum of money to a person names in the cheque or to the bearer of the cheque or to the order of a stated person or firm .

Q5. Define petty cash book.

Ans 1: The book in which small payments such as postage ,travelling expenses,entertainment expenses are recorded is called petty cash book.

Q6. Define contra entry.

Ans 1: A transaction that is recorded on both sides of the cash book simultaneously is called contra entry.

Q7. What is cheque book?

Ans 1: Cheque book is a small book issued the bank to it customers,It contain a number of black cheques for,s.It is used to withdraw the amount from the bank by filling in these cheques.

Q8. What is an order cheque?

Ans 1: If a cheque is made payable to a certain person without the addition of the word bearer or order there to such cheque is known as order cheque.

Q9. Define voucher.

Ans 1: A voucher means documentary evidence that proves the accuracy of a business transaction appearing in the books of accounts, Any written piece of paper which proves the genuineness of a business transaction is a voucher.

Q10. Define commercial bank.

Ans 1: An institution which accepts deposits, make business loans and offer related services is called commercial bank.
